

# Saudi Printing and Packaging Company

The Board of Directors' Report for the year ended  
31/12/2020



**In the Name of Allah Most Graceful, Most Merciful**

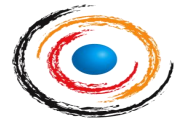
**Dear Shareholders,**

**Saudi Printing & Packaging Company**

**Greetings,**

The Board of Directors of the Saudi Printing and Packaging Company is pleased to present to you, the annual report for the fiscal year ending on 31/12/2020 accompanied by the audited financial statements. These contain an overview of the company's performance, activities, significant events and the most important achievements for 2020, as well as an analysis of financial performance, presentation of the company's directions, strategic goals, future plans and disclosure, according to the requirements of corporate governance and the Capital Market Authority.

The board further expresses their appreciation and gratitude towards the shareholders of the company, its customers, employees and all the public and private sectors that it deals with for their continuous support to the company to achieve its desired goals.



Saudi Printing and Packaging Company's goals in the Kingdom of Saudi Arabia are typically parallel to the national directives and aims outlined by the kingdom's vision 2030. We also share this vision and build our long-term goals and expectations based on our strength and our capabilities. Thus, our strategy reflects the national commissioning which we strive to implement through our sectors of printing and packaging.

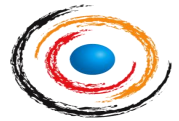
## OUR MESSAGE

Creating innovative solutions for diversified transformational industries by our brilliant workforce and our transcendent relations with the clients and suppliers. Moreover, maximizing shareholders' profits while reinforcing the company's role in the social responsibility by participating in developing the national economy.

Providing unique and complete solutions to the industry of Printing & Packaging industries.

## OUR GOALS

- To strengthen relationships with our clients.
- To enhance our competencies and improve our products through advanced research and development.
- To increase our shareholders' profits by investing in production facilities and by expanding our market share.
- To maintain quality systems as per national and global standards.
- To further develop and retain our proficient workforce through staff training, selective hiring and retention promotion initiatives.



## CHAIRMAN'S SPEECH

Dear honorable shareholders,

Peace be upon you,

I and my colleagues board members are very pleased to present to you the Annual Report for the fiscal year 2020 for Saudi Printing and Packaging Company. This report includes the performance and achievements of the company and its diverse sectors during the year, in addition to our strategic directives, financial administration and implications, corporate governance, relevant disclosures, and company programs for social responsibility and human resources.

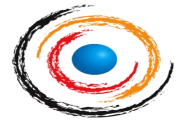
The Saudi Printing and Packaging Company is working to improve the business situation and develop its operational efficiency, in addition to reaching high levels of protection for security and safety of its infrastructure and human assets, and we will continue - God willing - to focus on improving and developing our products to increase our geographical presence in new markets, and to ensure the provision of the finest products to customers and consumers and achieve sustainable growth and better results for our valued shareholders.

On behalf of my colleagues, Board Members, and myself, I would like to extend my thanks and appreciation to our perceptive government for its tireless efforts exerted to achieve welfare, prosperity, and security for our beloved country with the constant support and regard to all companies. We extend our sincere recognition and appreciation to the shareholders for their support and faith during the fiscal year 2020, we would also like to acknowledge our executive management staff for their dedicated efforts, and we invite them to continue giving during the coming years. Moreover, we thank our valued customers for their confidence in the company's products and their constant support to them, hoping that the company's work will contribute to maximizing the interests of shareholders, and to move towards further development and success.

Peace be upon you,

**Adel Bin Marzouq Al-Naser**

**Chairman**



## THE COMPANY PROFILE AND ITS SUBSIDIARIES

### Saudi Printing & Packaging Company “SPPC”

Saudi Printing & Packaging Company is a Saudi joint-stock company operating in the printing and packaging sectors. It is registered in the Kingdom of Saudi Arabia, according to Commercial Registration No. 1010219709 issued in Riyadh on 1 Jumada al-Awwal 1427 AH (corresponding to May 28, 2006) and based on the Ministry of Commerce and Industry Decision No. 104 / Q dated 20 Rabi 'Al Thani 1428 AH (corresponding to May 7, 2007).

Saudi Printing & Packaging Company was established under the name “Al-Madina Printing & Publishing Co.” in 1963. During the year 2007 its name was changed to the Saudi Printing & Packaging Company and 30% of its shares were introduced to the public offering during that year, taking in consideration that the Saudi Research & Marketing Group “SRMG” and its subsidiaries hold 70% of Saudi Printing & Packaging Company's shares .

The company operates modern, high quality, printing centers in Riyadh, Jeddah, and Dammam, in which it prints major newspapers such as Alsharq Al-Awsat, Al-Eqtisadiyah, Al-Riyadiyah, Arab News, Al-Watan, in addition to providing commercial printing services to a wide range of Government and private sector clients. Additionally, the company works in the packaging industry and has factories in Riyadh, Jeddah, Almadinah Almunawarah, in the Kingdom of Saudi Arabia and in Sharjah, Dubai and Abu Dhabi in the United Arab Emirates.

### Saudi Printing & Packaging Company's activity is divided into two sections:

#### First: Printing Sector

SPPC is one of the largest printing companies within Kingdom of Saudi Arabia, as well as the Middle East and North Africa. The company has highly regarded for its excellence in providing a wide range of integrated printing services and its production capacity, through its prominent subsidiaries namely Al-Madina Printing & Publishing Company and Hala Printing Company.

The main printing activities of SPPC are the printing of:

Newspapers and magazines for various sectors in the Arab world, including Saudi Research & Publication Company, Saudi Specialized Publishing Company and many other publishers.

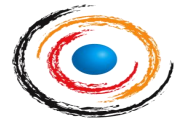
Hardcover books, commercial publications, and packaging in different languages and styles for a wide range of clients including the Ministry of Education, Ministry of Islamic Affairs and Ministry of Interior.

#### Al-Madina Printing & Publishing Company “MPPC”.

The Saudi Printing and Packaging Company transformed its branch registered in the Commercial Register Number 4030004369, in Jeddah City- Al-Ustaz District, dated on 23rd Rajab 1383H (corresponding to December 9, 1963) under the license issued from the Ministry of Information No. 510, dated on 23 Dhul Hijjah 1413H (corresponding to 14 June 1993) in the name of (Al-Madina Printing & Publishing Company / Branch of Saudi Printing & Packaging Company) to a limited liability company with the same name, in which it holds 95% of the capital as a result of the entry of Hala Printing Company as a new partner by 5%. It has also reformed its other three branches into a new company.

#### Hala Printing Company “HPC”

Hala Printing Company joined SPPC in 2006, to become the strong arm for the commercial operations of the company, to launch a new stage of development that raises the slogan of innovation and achieve the highest technical quality, credibility and technical development. Besides the printing industry development, the company in 2008 increased its production capacity at the level of preprinting, printing, and post-printing works. Moreover, the company, in 2017, increased its production capacity in the cardboard printing sector (industrial printing) and numerous investments that enhance and enrich the added value for both commercial and industrial printing. These investments aimed to increase the market share, maintain the excellence of the final product and constantly serve its clients successfully.



## Second: Packaging Sector:

This sector is represented by Emirates National Factory for Plastic Industries "ENPI" and its subsidiaries (Taiba Printing & Packaging Company, Flexible Packaging Company, Medina Packaging Company "City Pack", Future Pack Factory L.L.C., Future Plus Co., United International Clear Packaging "UICP", United Security Co., Commercial United Packaging Co. (L.L.C) "CUPCO" and Future Plast Industries L.L.C).

Emirates National Factory for Plastic Industries L.L.C is one of the leading providers of flexible packaging solutions in the Arab Gulf region. The company provides world class products and services to a wide range of clients, mostly in the food and beverage sectors, including many high-end multinational brand owners. Customers appreciate our high capacity state of the art facilities, continuous investment in new production technologies and facilities, and our vast industry experience in transforming the packaging sector.

ENPI's manufacturing facilities are located in Riyadh, Jeddah and Almadinah Almunawarah in Kingdom of Saudi Arabia and in Abu Dhabi, Dubai and Sharjah in UAE.

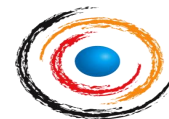
The company's diverse product range places it at the forefront of its competitors in the packaging materials industry.

### Future Industrial Investment Co. "FIIC"

During the year 2012, SPPC has established the Future Industrial Investment Company "FIIC" to be the parent company of all the packaging subsidiaries including Emirates National Factory for Plastic Industries. This company holds 99% of Emirates National Factory for Plastic Industries (a company that was acquired during the year 2012). SPPC owns the remaining percentage (1%).

### Emirates National Factory for Plastic Industries LLC (Emirates Factory) "ENPI"

During 2012, SPPC acquired the Emirates National Factory for Plastic Industries (Emirates Factory), a limited liability company. The Emirates Factory was established in 1995 in the Emirate of Sharjah, in the United Arab Emirates, through its two subsidiaries (Future Industrial Investment Company and Flexible Packaging Co., Ltd.) and on July 1, 2014 the share of Flexible Packaging Company, Ltd. was transferred to SPPC.



## Saudi Printing & Packaging Company and its Subsidiaries:

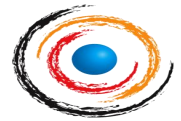
### Ownership of Subsidiaries

Actual ownership in subsidiaries as follow:

Company	Incorporation Country	Location	Capital in SAR	Ownership	Percentage	Main Activity
<b>Al-Madina Printing &amp; Publishing Co.</b>	Kingdom of Saudi Arabia	Jeddah, Riyadh, and Dammam	1,000,000	1-Saudi Printing& Packaging Co. 2-Hala Printing Co.	95 % 5 %	Manufacture of print, writing and computer paper.
<b>Hala Printing Co.</b>	Kingdom of Saudi Arabia	Riyadh	1,000,000	1-Saudi printing& Packaging Co. 2-Future Industrial Investment Co.	95 % 5 %	Printing specialized magazines, brochures, advertisements, posters, flyers, and forms.
<b>Future Industrial Investment Company "FIIC"</b>	Kingdom of Saudi Arabia	Riyadh	100,000	1-Saudi printing& Packaging Co. 2-Hala Printing Co.	95 % 5 %	Wholesale and retail trade in printing and packaging materials and machines and their tools, inks, paper, plastics and raw materials needed.
<b>Emirates National Factory for Plastic Industries "ENPI"</b>	United Arab Emirates	Abu Dhabi, Dubai, Sharjah, Riyadh & Jeddah, Almadinah Almunawarah	30,618,300	1-Future Industrial Investment Co. 2-Saudi printing& Packaging Co.	99 % 1 %	Manufacturing and trading in bags, sheets, packaging materials and related plastic.

- Emirates National Factory for Plastic Industries LLC (Emirates Factory) "ENPI" & its subsidiaries:**

Company Name	Country of Incorporation	Ownership Percentage
Al-Madina Packaging Co. "City Pack"	UAE	100%
Future Pack Factory. Ltd	UAE	100%
Future Plus for Plastics Ltd*	KSA	100%
United International Clear Packaging Ltd "UICP"	UAE	100%
United Security Co. Ltd	UAE	100%
Commercial United Packaging Co. "CUPCO" **	UAE	100%
Future Plast Industries Ltd	UAE	100%
Taiba Printing & Packaging Co. Ltd	KSA	100%
Flexible Packaging Co. Ltd	KSA	100%



## STRATEGIC GOALS AND FUTURE PLANS

The company's vision is to further enhance and develop its position as a leading company in the provision of printing and packaging products and services to a wide range of clients in the Middle East and Africa regions.

Through ENPI, the company has developed an investment oriented plan for the coming years which will build upon the capacity and product range of its packaging sector, by acquiring new equipment and building new facilities. This activity will commence in early 2021.

The company's strategic plans in the field of printing are focused on broadening the product range, increasing the client base, and further enhancing production efficiency and effectiveness.

The company always seeks to set clear strategic objectives and to develop the appropriate relevant mechanisms to execute the strategy. Future plans are aimed at growth in profits and preserving the rights of shareholders in a way that enhances the shareholders confidence in the company's position and strength as a pioneer in the field of printing and packaging in the Middle East, Africa, and other export markets.

### Major Accomplishments and Achievements Occurring in 2020:

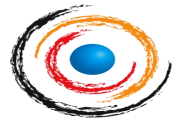
Almadina Almunawara Printing and Publishing Company (one of the subsidiaries) obtained a share of the general competition of the Ministry of Education for printing and supplying school curriculum for the year 1441 AH and 1442 AH with a value of SR 94,7 million.

### Human Resources

Saudi Printing & Packaging Company and its affiliates have well qualified and experienced staff as the company is interested in providing a comprehensive, attractive, and healthy work environment. During 2020, many of the company employees have been trained and attended conferences and international summits to acquire the necessary competencies to help them lead work teams efficiently, since success in work results from continuous investment in the workforce, which will return to the employee and the company with the expected output and achieving often ambitious targets.

Therefore, the company was keen to contribute effectively and pay attention to the effective development aspects by activating human resources development programs and career stability plans and building a safe and functional environment for citizens as a leading national company in this field and in exchange for participation in achieving the goals set by the government for both the government and private sectors represented in the 2020 transformation plan. Consequently, reaching the fulfillment of the 2030 vision, hence the company was keen to localize the leadership jobs, most of which were achieved in previous stages.





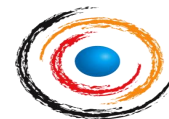
## Saudization

Saudization of jobs, retention and development of talent is one of the key responsibilities of human resources management. Through the implementation of Saudization policy, the company plays an important role in driving the growth and development of the national economy, and contributes to enhance opportunities for Saudi youth, in line with Vision of the Kingdom 2030.

This is what we succeeded in achieving due to the Saudization of a large number of professional and technical jobs, attracting highly experienced national cadres in the Saudi market and creating a competitive market that encourages attracting homeland people in an initiative from the company on the necessity of seeking our rational government aspirations about the growth of its economy and providing good solutions to build a bright future for children Motherland.

## Social Responsibility

During the year 2020, the company supported several national programs involved in caring for the society and its capabilities through development programs including Support the Children's Disability Association.



## FINANCIAL REPORT

### Balance Sheet of the Company for the Last Five Years

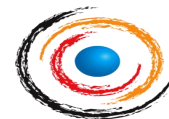
(000 SAR)

Description	2020	2019	2018	2017	2016
<b>Current Assets</b>	482,487	560,713	709,684	645,504	665,206
<b>Non-Current Assets</b>	1,189,502	1,226,291	1,281,456	1,336,421	1,399,397
<b>Total Assets</b>	<b>1,671,989</b>	<b>1,787,003</b>	<b>1,991,140</b>	<b>1,981,925</b>	<b>2,064,603</b>
<b>Current Liabilities</b>	538,092	548,624	674,717	605,972	622,240
<b>Non-Current Liabilities</b>	44,134	42,681	42,394	47,635	49,025
<b>Long Term Loans</b>	387,023	471,795	518,915	507,065	499,625
<b>Total Liabilities</b>	969,249	<b>1,063,099</b>	<b>1,236,025</b>	<b>1,160,672</b>	<b>1,170,890</b>
<b>Shareholders' Equity</b>	702,740	723,904	755,114	821,253	893,713
<b>Total Liabilities and Equity</b>	<b>1,671,989</b>	<b>1,787,003</b>	<b>1,991,140</b>	<b>1,981,925</b>	<b>2,064,603</b>

### Consolidated Income Statement for Five Years

(000 SAR)

Description	2020	2019	2018	2017	2016
<b>Sales</b>	<b>767,687</b>	<b>924,344</b>	<b>1,018,489</b>	<b>991,681</b>	<b>1,005,394</b>
<b>Cost of Sales</b>	(640,272)	(793,280)	(894,579)	(834,389)	(816,165)
<b>Gross Profit</b>	<b>127,415</b>	<b>131,64</b>	<b>123,910</b>	<b>157,292</b>	<b>189,229</b>
<b>Selling and Marketing Expenses</b>	(49,284)	(59,210)	(60,226)	(66,604)	(84,568)
<b>General and Administrative Expenses</b>	(64,175)	(64,903)	(66,576)	(84,276)	(98,595)
<b>Income from main Operations</b>	<b>13,956</b>	<b>6,951</b>	<b>(2,892)</b>	<b>6,412</b>	<b>6,065</b>
<b>(Loss) reflects the decrease in the value of property, plant and equipment</b>			-	(10,167)	1,348
<b>Loss of goodwill</b>			-	(20,306)	-
<b>Other Income (Expenses), net</b>	9,793	15,437	6,312	8,907	11,020
<b>Financial Charges</b>	(40,982)	(58,101)	(55,884)	(44,885)	(44,966)
<b>Income before Extraordinary Losses &amp; Zakat</b>	<b>(17,233)</b>	<b>(35,713)</b>	<b>(52,464)</b>	<b>(60,040)</b>	<b>(26,533)</b>
<b>Extraordinary Losses</b>			-	-	-
<b>Income before Zakat &amp; Minority Interest</b>	<b>(17,233)</b>	<b>(35,713)</b>	<b>(52,464)</b>	<b>(60,040)</b>	<b>(26,533)</b>
<b>Zakat</b>	(3,312)	(3,047)	(1,903)	(9,415)	(6,926)
<b>Net profit (Loss) for the Year</b>	<b>(20,545)</b>	<b>(38,760)</b>	<b>(54,367)</b>	<b>(69,454)</b>	<b>(33,459)</b>



## Statement of Cash flows for Five Years

(000 SAR)

Description	2020	2019	2018	2017	2016
<b>Net cash flow from operations</b>	94,141	196,142	(31,487)	107,979	134,544
<b>Net cash used in investing activities</b>	(16,896)	(9,615)	(23,680)	(48,028)	(57,231)
<b>Net cash used for financing operations</b>	(93,269)	(190,928)	5,784	(54,395)	(131,500)
<b>Net change in cash and cash equivalents</b>	(16,025)	(4,122)	(49,070)	5,694	(54,009)
Cash and cash equivalent as of 1st January	<b>34,916</b>	<b>37,654</b>	<b>106,749</b>	<b>101,556</b>	<b>155,065</b>
Cash and cash equivalent as of 31st December	<b>33,250</b>	<b>34,916</b>	<b>37,654</b>	<b>106,749</b>	<b>101,556</b>

## Geographical analysis of sales and total profits

The following table shows the company's sales and profits according to geographical regions for the year 2020 and 2019:

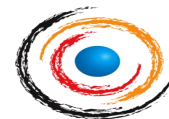
Description	KSA	MENA	Africa Except NA	Asia	Europe	Total
2020						
<b>Total Sales</b>	271,161	426,714	66,362	2,965	485	<b>767,687</b>
<b>Total Profits</b>	45,005	70,823	11,014	492	81	<b>127,415</b>
2019						
<b>Total Sales</b>	379,845	480,284	53,605	9,859	751	<b>924,344</b>
<b>Total Profits</b>	53,859	68,100	7,601	1,398	106.5	<b>131,065</b>

## Clarification of the Differences in the Operational Outcomes in the Biennium Ended in December 31,2020 and 2019.

(000 SAR)

Description	2020	2019	Diff + or (-)	Diff %
<b>Sales</b>	767,687	924,344	(156,657.00)	-17%
<b>Cost of Sales</b>	(640,272)	(793,280)	153,008.00	-19%
Gross Profit	127,415	<b>131,064</b>	(3,649.00)	-3%
<b>SG&amp;A Expenses</b>	(113,459)	(124,113)	10,654.00	-9%
Income from main Operations (Loss)	13,956	<b>6,951</b>	7,005.00	101%
Net profit (Loss) for the Year	(20,545)	<b>(38,760)</b>	18,215.00	-47%

- Revenue amounted to 767.7 million Saudi riyals for 2020 compared to 924.3 million Saudi riyals for 2019, which represents a decrease of -17%.
- The total gross profit amounted to 127.4 million riyals for the year 2020 compared to 131 million riyals for the year 2019, which represents a decrease of -3%.
- Operating profit amounted to 13.9 million Saudi riyals for the year 2020 compared to a profit of 6.9 million Saudi riyals for the year 2019, representing an increase of 101%.
- The net loss was SAR 20.5 million for the year 2020 against the net loss of SAR 38.7 million for the year 2019 representing a decrease -47%.
- The main reason for the increase in operating profit is the decrease in selling and distribution expenses during the current year compared to the previous year.
- Total shareholders' equity (no minority rights) during the current period amounted to 702.7 million Saudi riyals, compared to 723.9 million Saudi riyals for the same period in the previous year, a decrease of 3%



- The accumulated loss amounted to 6.1 million Saudi riyals, which represents 1.2% of the capital.

### Sectorial information

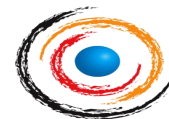
The company consists of the following major business sectors:

Printing sector	Packaging sector	Others & Investment activities
<u>This sector includes the following:</u> <ul style="list-style-type: none"> <li>– Printing of daily and weekly newspapers</li> <li>– Printing of books and textbook.</li> <li>– Diverse commercial and magazines printing</li> <li>– Printing of cardboard and packing</li> </ul>	<u>This sector includes the following:</u> <ul style="list-style-type: none"> <li>– Printing on plastics and commercial labels</li> <li>– Manufacturing Plastic products and packaging materials.</li> <li>– Manufacturing paper and plastic cups.</li> <li>– Manufacturing Plastic bottles and caps.</li> </ul>	It includes the Headquarter, general management activities, and activities of investment and others.

The business results for the year ended 31 December 2020 and 2019 for the above mentioned operating segments consist of the following:

(000 SAR)

2020	Printing Sector	Packaging Sector	Others & Investment Activities	Total
<b>Sales</b>	137,142	630,546		767,688
<b>Net profit (loss)</b>	6,534	6,343	7,668	20,545
<b>Depreciation and amortization</b>	19,942	37,169	106	57,217
<b>Properties, machinery &amp; Equipment, net.</b>	262,513	523,188	218	785,919
<b>Intangible assets</b>	10,216	359,919	---	370,135
<b>Net stock</b>	55,794	112,738	---	168,532
<b>Total Assets</b>	391,222	1,260,761	20,007	1,671,990
<b>Total Liabilities</b>	(27,237)	(546,470)	(395,542)	(969,249)
2019	Printing Sector	Packaging Sector	Others & Investment Activities	Total
<b>Sales</b>	180,747	743,597		924,344
<b>Net profit (loss)</b>	11,768	18,868	8,124	38,760
<b>Depreciation</b>	26,997	47,779	138	74,914
<b>Properties, machinery &amp; Equipment, net.</b>	282,089	539,107	321	821,516
<b>Intangible assets</b>	10,217	360,002		370,219
<b>Net stock</b>	58,652	123,465		182,117
<b>Total Assets</b>	440,230	1,342,324	4,449	1,787,003
<b>Total Liabilities</b>	(33,279)	(613,489)	(416,331)	(1,063,099)



### Information Related to Murabaha & Loans

The following table shows information related to the company's consolidated loans and movements during the year 2020: (000 SAR)

Description	Loan amount	Year start balance	Additional amount during the year	Loan payments	Yearend balance	Loan period (years)	Lending associations
<b>Long term loans</b>	876,256	517,000		59,036	457,964	4-7 years	Several associations
<b>Short term loans</b>	308,105	326,419	425,497	420,346	331,570	1 year	Several associations
<b>total</b>	<b>1,184,361</b>	<b>843,419</b>	<b>425,497</b>	<b>479,382</b>	<b>789,543</b>		

End year loan balance is distributed between local and foreign banks as follows:

(000 SAR)

Description	(000 SAR)	Percentage %	Lending associations
<b>Local banks (KSA)</b>	390,531	49.5%	Alinma Bank, Banque Saudi Fransi, Saudi British Bank and Riyadh Bank
<b>Foreign banks (UAE)</b>	399,003	50.5%	Abu Dhabi Islamic Bank, Dubai Islamic Bank, Emirates Islamic Bank, First Abu Dhab Bank
<b>Total</b>	<b>789,534</b>	<b>100%</b>	

Murabaha and the company's loans used for the purposes of operational and investment activities are summarized as follows:

(000 SAR)

Description	2020	2019
<b>Opening balance</b>	843,419	977,460
<b>Received during the year</b>	425,497	596,097
<b>Paid during the year</b>	479,382	730,138
<b>Closing balance</b>	<b>789,534</b>	<b>843,419</b>

Total of profits & Loans:

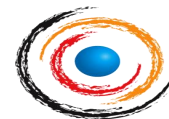
(000 SAR)

Description	2020	2019
<b>Short-term loans</b>	331,570	517,000
<b>Long-term loans / investment financing</b>	457,964	326,419
<b>Total</b>	<b>789,534</b>	<b>843,419</b>

Loans Entitlements:

(000 SAR)

Description	2020	2019
<b>less than one year</b>	331,570	326,419
<b>From 1 to 2 years</b>	181,085	102,510
<b>From 2 to 5 years</b>	276,879	309,230
<b>More than 5 years</b>		105,260



Total	789,534	843,419
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### Shares and Debt Instruments:

The company does not have any debt instruments issued by it, nor does any of its subsidiaries have debt instruments issued by it either.

### Transactions with Related Parties

The company and its subsidiaries deal during its regular course of business with the Saudi Research & Marketing Group "SRMG", its subsidiaries, and affiliates. The following statement outlines the core transactions that are made with the related parties:

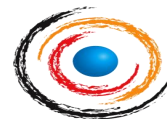
(000 SAR)		
Description	2020	2019
Sales	18,554	37,055
Rental income	-	-
Executive Board Members remuneration	100	100
Allowances paid to members of the Board of Director	218	228

Moreover, there is no contract to which the company is a party, and there is or has a fundamental interest for a member of the company's board of directors, chief executive officer, or chief financial officer, or for any person related to any of them.

### Related Parties Balances

The balances required from the related parties consist as of December 31, 2020 AD as follows, bearing in mind that these actions were agreed upon from previous years and are an extension of continuous relations that started before the fiscal year 2020

(000 SAR)		
Description	2020	2019
<b>Saudi Research and Publishing Co.</b>	6,913	7,643
<b>Saudi Specialized Publishing Company</b>	171	2,932
<b>Saudi Distribution Company</b>	765	765
<b>Al-Khaleejiah Advertising &amp; Public Relations Company Ltd.</b>	8	-
<b>Emirates Printing, Publishing, and Distribution Company</b>	187	187
Saudi Commercial Company	118	118
<b>Saudi Research&amp; Marketing Group (Holding Company)</b>	32	-
<b>TOTAL</b>	<b>7,124</b>	<b>11,645</b>



## BOARD OF DIRECTORS' REPORT AND THE RELEVANT COMMITTEES

### **Mr. Adel Ben Marzouq Al Nasser** **Chairman "Independent Member"**

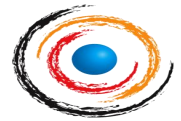
Mr. Adel Ben Marzouq Al Nasser held a several prominent designations in banking institutions such as the Deputy Managing Director of Saudi British Bank SABB. Mr. Adel Al-Nasser holds a diploma from the Institute of Bankers in London in 1986 and attended many administrative and financial training courses. He has held various senior positions and is currently a member of the Board of Directors of the Saudi Research and Marketing Group as well as AL Ittefaq Steel Products Company. He was also appointed as the Chairman of the Board of Directors for the new session in accordance with the Board of Directors decision on 07/05/2018.



### **Dr. Mohammad Amin Dawood Kashqari** **Deputy Chairman of the Board "Independent Member"**

Dr. Kashqari has a long and distinguished experience. He held several scientific positions including a professor and head of Department of Chemical Engineering at the Faculty of Engineering at King Abdulaziz University. Over the past 30 years, he held many leading positions in SAVOLA Group. Dr. Kashqari holds a bachelor's degree in chemical engineering from King Fahad University of Petroleum and Minerals in 1974, and a master's and Ph.D. from Stratford University, USA during the years 1976 & 1982. He was appointed Vice Present Chairman of the Board of Directors for the new session in accordance with the decision of the Board of Directors on 07/05/2018.





### Mr. Fahad Ibrahim Al-Mufarrij

#### Board Member- "Executive Member"

Mr. Fahad has long and great experience in the field of financial control. In addition, he got training in several international organization such as Harvard University, International Monetary Fund, the World Bank, the Irish Management Institute, British Financial Services Authority, and Monetary Authority of Singapore and many other. Mr. Al-Mufarrij holds a bachelor's degree in Administrative sciences from King Abdulaziz University in 1986G. He also got many training courses in financial control. He is a board member for many joint stock companies such as SAMBA Financial Group and Falcom Financial Services. Mr. Al-Mufarrij was appointed Managing Director of the new session in accordance with the Board of Directors' decision on 07/05/2018.



### Mr. Saleh Hussain Al Dowais

#### Board Member – "Non-Executive Member"

Mr. Al-Dowais has long experience in corporate management, where he has been included in leadership positions within the Saudi Research and Marketing Group for 11 years, covering all the group's companies. Mr. Al-Dowais holds a bachelor's degree in translation, and has many training courses in administrative, financial, and digital platforms.



### Dr. Turki bin Omar Saleh Buqshan

#### Board Member- "Independent Member"

Dr. Buqshan has many practical experience since 1998 in the field of higher education and consulting. Moreover, he held a number of positions including Vice Dean of University at various universities in the Kingdom of Saudi Arabia. Dr. Buqshan holds a Ph.D. in Accounting from Pond University in Australia. He is currently a member of the Board of Directors of the Saudi Research and Marketing Group.



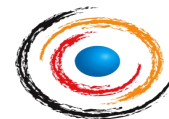
### Mr. Khalid Mohammed Alhuqail

#### Board Member- "Independent Member"

Mr. Khalid AlHuqail is highly experienced in the field of petrochemical industry and marketing, risk management, and company formation. For 30 years he held several leadership positions at SABIC, including the Deputy General Manager (America) and Director of Risk and Insurance Administration (Saudi Arabia). Mr. Alhuqail holds a bachelor's degree in Business Administration from Hamlin University in the United States of America in 1985. Also, he has several training courses in the field of petrochemicals, insurance, marketing, and money management, as well as getting training in risk management at the international institutes in London.







### Mr. Mohammed Zamil Allaboon

#### Board Member “independent”

Mr Allaboon has a long and distinguished experience in the field of packaging and plastic industry through his previous work as a General Manager of al Rowad National Plastic Company and former chairman of the Board of Directors of Rowad National Plastic Comany for 16 years. Mr. Allaboon holds a master's degree in organic chemistry from California University in 1982 and a bachelor's degree in chemistry from King Saud University in 1977.



### Executive Management:

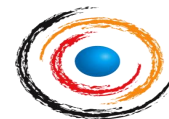
Name	Position	Expertise
<b>1- Mr. Fahad Ibrahim Al-Mufarrij</b>	Managing Director	Mr. AlMufarrij has great experience in the field of financial control in governmental associations and big companies. In addition, he got training in several international bodies such as Harvard University, Monetary Fund, the World Bank Institute of Public Administration-Ireland, British International Services Authority, and Singapore Monetary Agency...etc. Mr. Al-Mufarrij got his bachelor's degree from King Abdulaziz University in Administrative sciences, 1986G. He also got many training courses in financial control. He is a board member for many listed and private companies such as SAMBA Financial Group.
<b>2- Mr. Frank Ferguson</b>	Vice President for Financial Affairs	Mr.Ferguson has over 30 years of experience in senior finance and management roles in Ireland, Africa, and the Middle East. He has worked for several specialized companies such Astra Industries Group and Al Rostamani Group. He is a certificated member of Chartered Accountants Ireland.
<b>3- Mr. Tilman Fritz Ehret</b>	CEO of Emirates National Factory for Plastic	Mr.Ehret has more than 20 years of experience developing business in the chemical industry in Europe, the United States, Africa and the Middle East. He has worked for several companies such as the CEO of the Astra Polymers Group and holds several management accreditations certificates from the business schools of Wharton and INSEAD.

### Board of Directors

The Company Board of Directors include an elite group of experienced and highly educated professionals who have good reputation and social positions in business world.

### Board Members as of 31<sup>st</sup> December 2020

Name	Position	category	Listed and unlisted Companies the member is part of its Board of Directors	
			Listed company	Unlisted company
<b>Mr. Adel Ben Marzouq Al Nasser</b>	Chairman	Independent	Saudi Research & Marketing Group	Alittefaq Steel Products Co
				<b>Absal Steel Co.</b>



<b>Dr. Mohammad Amin Dawood Kashqari</b>	Deputy Chairman	Independent		
<b>Mr. Khalid Mohammed Alhugail</b>	Board Member	Independent		Societe Generale Finance Ashmore Financial Funds
<b>Mr. Saleh Hussain Al Dowais</b>	Board Member	Non- executive		
<b>Dr. Turki bin Omar Saleh Buqshan</b>	Board Member	Independent	Saudi Research & Marketing Group	
<b>Mr. Fahad Ibrahim Al-Mufarrij</b>	Managing Director	Executive	SAMBA Financial Group	Falcom Financial Services SAMBA CAPITAL
<b>Mr. Mohammed Zamil Allaboon</b>	Board Member	Independent		WADI ALRIYADH CO The National Committee for the Care of Prisoners and Released Prisoners and their Families

The Chairman of the Board of Directors, at the first meeting of the members of the Board of Directors - especially non-executives - shall be informed of the shareholders' proposals and their observations regarding the company and its performance.

### Board of Directors Meetings

The Board has convened three meetings during the fiscal year 2020 as follows:

<i>Name</i>	<i>26/03/2020</i>	<i>09/07/2020</i>	<i>20/12/2020</i>	<i>Times of Attendance</i>
<b>Mr. Adel Ben Marzouq Al Nasser</b>	✓	✓	✓	<b>3</b>
<b>Dr. Mohammad Amin Dawood Kashqari</b>	✓	✓	✓	<b>3</b>
<b>Mr. Fahad Ibrahim Al-Mufarrij</b>	✓	✓	✓	<b>3</b>
<b>Mr. Khalid Mohammed Alhuqail</b>	✓	✓	✓	<b>3</b>
<b>Mr. Saleh Hussain Al Dowais</b>	✓	✓	✓	<b>3</b>
<b>*Mr. Majed Abdulrahman Alesia</b>	✓	✓	NA	<b>2</b>
<b>Dr. Turki bin Omar Saleh Buqshan</b>	✓	✓	✓	<b>3</b>
<b>Mr. Mohamed Zamil Allaboon</b>	✓	✓	✓	<b>3</b>

✓ - in person

✕ - by proxy

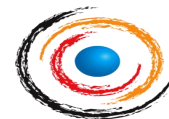
✕✕ - absence

\* Mr. Majid bin Abdul Rahman Al-Issa resigned from the membership of the Board of Directors and Committees on 11/04/2020 AD, the reason for the resignation was personal reasons.

### Ownership of the Members of the Board of Directors:

The following table shows the ownership movement of the members of the current Board of Directors or the ownership of their representatives as of 12/31/2020:

<b>Name</b>	<b>Remarks</b>	<b>No. of shares at year beginning</b>	<b>Property ratio at year beginning</b>	<b>Net change in shares during year</b>	<b>Change ratio during year</b>	<b>No. of shares at year end</b>	<b>Property ratio at year end</b>
Mr. Adel Ben Marzouq Al Nasser	His shares	-	-	-	-	-	-
Mr. Khalid Mohammed Alhuqail	His shares	3,300	%0,0055000	-	-	3,300	%0,0055000



Dr. Mohammad Amin Kashqari	His shares	1,000	%0,0016666	-	-	1,000	%0,0016666
Mr. Saleh Hussain Al Dowais	His shares	1,200	%0,0020000	-	-	1,200	%0,0020000
Mr. Majid Abdelrahman Alissa	His shares	1,000	%0,0016666	-	-	1,000	%0,0016666
Dr. Turki bin Omar Saleh Buqshan	His shares	1,000	%0,0016666	-	-	1,000	%0,0016666
Mr. Fahad Ibrahim Al-Mufarrij	His shares	1,000	%0,0016666	-	-	1,000	%0,0016666
Mr. Mohamed Zamil Allaboon	His shares	1,000	%0,0016666	-	-	1,000	%0,0016666

There is no ownership for spouses or minor children of the members of the Board of Directors and the senior executives, nor they have or the members of the board any optional rights or offering rights in the company's shares.

### Board of Directors' Committees

The Board of Directors formed sub-committees to oversee the main business areas of the company as on December 31, 2020, as follows:

#### Executive Committee

The executive committee comprises five members of the Board of Directors. The main tasks of the committee are represented in:

- Discuss any subject relevant to the Board of Directors without any exception and make recommendations in this regard and raise to the board.
- Make convenient decisions for the subjects the board delegate the committee to review.
- Provide recommendations to the Board of Directors regarding the nomination for membership of the Committee in accordance with the approved policies and standards, taking into consideration that no person previously convicted of a crime violating honor or trust is nominated
- Follow up on the implementation of the committee's recommendations and decisions approved by the Board of Directors.
- Prepare an annual report about the achievements done by the committee and submit to the board.

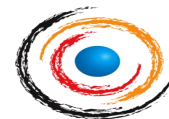
**The following table shows the executive committee members' names as of 31/12/2020:**

Member Name	Description
Mr. Adel Ben Marzouq Al Nasser	<b>Chairman of the Committee</b>
Dr. Mohammad Amin Dawood Kashqari	<b>Committee member</b>
Mr. Fahad Ibrahim Al-Mufarrij	<b>Committee member- Managing Director</b>
Mr. Saleh Hussain Al Dowais	<b>Committee member</b>
Mr. Majid Abdelrahman Alissa	<b>Committee member</b>

\* Mr. Majid bin Abdul Rahman Al-Issa resigned from the membership of the Board of Directors and Committees on 11/04/2020 AD, the reason for the resignation was personal reasons.

#### Executive Committee Meetings

**The executive committee members held five meetings during the fiscal year of 2020 as follows:**



Member Name	2020/06/07	2020/10/29	2020/11/22	No. of attendances
Mr. Adel Ben Marzouq Al Nasser	√	√	√	3
Dr. Mohammad Amin Dawood Kashqari	√	√	√	3
Mr. Fahd Ibrahim Al-Mufarrij	√	√	√	3
Mr. Saleh Hussain Al Dowais	√	√	√	3
Mr. Majid Abdelrahman Alissa	√	√	NA	2

√ -in person

x -by proxy

xx -Absence

### Nomination & Remuneration Committee

The nominations and remunerations committee comprise of four members of the board of directors, its tasks are Recommending nomination to the membership of the Board of Directors in accordance with the approved standards, Annually reviewing the required skills needed for the membership of the Board of Directors, Reviewing the structure of the Board of Directors, Making recommendations on the adjustments that can be made, determining the aspects of strengths and weakness in the Board and suggest ways of enhancement, Ensuring on yearly basis the independence of the independent members, Establishing clear policies for compensations and remunerations for members of the Board of Directors and senior executives of the company.

**The following table shows the names of the nomination and remuneration committee's members as of 31<sup>st</sup> Dec. 2020:**

Member Name	Description
Dr. Mohammad Amin Dawood Kashqari	<b>Chairman of the Committee</b>
Mr. Saleh Hussain Al Dowais	<b>Committee member</b>
Mr. Mohamed Zamil Allaboon	<b>Committee member</b>
Mr. Khalid Mohammed Alhuqail	<b>Committee member</b>

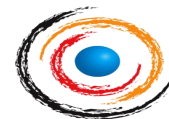
**The council depended on some means in evaluating its performance, its committees and members, and the outside association which did the evaluation and its relation to the council.**

The committee defines points of strengths and weaknesses and propose solutions, if any, according to the company interest. Also, the committee itself evaluate the board members, but the committee is evaluated by the chairman of the council.

### Nomination & Remuneration Committee Meetings

**The committee members held two meetings during the fiscal year of 2020 as follows:**

Member Name	27/12/2020	12/04/2020	No. of attendances
Dr. Mohammad Amin Dawood Kashqari	√	√	2
Mr. Saleh Hussain Al Dowais	√	√	2
Mr. Mohamed Zamil Allaboon	√	√	2



Mr. Khalid Mohammed Alhuqail	√	√	2
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√ -in person      x -by proxy      xx -Absence

### Audit Committee

The audit committee consists of four members, including an independent member of the Board of Directors and three non-committee members that are specialized in financial, accounting, internal audit, and information technology.

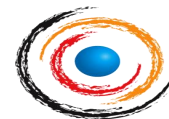
The duties and responsibilities of this committee include studying the internal control system and supervising the company's internal audit department in order to verify its effectiveness in carrying out the tasks set by the Board of Directors. As well as studying internal audit reports and following up on the implementation of corrective actions for the observations contained therein. The committee's responsibilities also include making recommendations to the Board of Directors through the ordinary general assembly to appoint the chartered accountant, their dismissal, determining their fees and ensuring their independence, following-up on their work, in addition to the study and the review of the audit plan with the chartered accountant, as well as the study of their observations on the preliminary financial statements before submitting them to the Board of Directors, give the opinion and recommendation in respect thereof.

The committee also examines the applicable financial and accounting policies, express opinion and recommendations to the Board of Directors, evaluate the effectiveness of the company's estimate of the significant risks and steps taken by the company's management to monitor and address these risks.

The Audit Committee was elected in its new session which started from May 7, 2018 to May 6, 2021, by a decision of the Ordinary General Assembly on 24/04/2018, to become one of the following members:

Name	Position	Expertise
<b>Dr. Turki bin Omar Saleh Bugshan</b>	Chairman of the Committee	Dr. Buqshan has lots of practical experience since 1998 in the field of high education and consultancy. Moreover, he held many vice deans of universities in Saudi Arabia. Dr. Turki has got a Ph.D. from Pond University in Accounting from Australia. He is currently a board member in the Saudi Research and Marketing Group.
<b>Dr. Khalid bin Abdul Aziz Al-Arfaj</b>	Committee member	Dr. Al-Arfaj has many practical experiences since 1994 in the field of industrial, real estate, information technology and communications. He also held several positions, including the Chairman of the Board of Directors of Al Akaria Hanmi For Project Management, CEO of the Information Technology of AIRAIDAH Digital City, Director of Communications and Information Technology at the Ministry of Foreign Affairs, and a former board member of the Saudi Telecom Company and the National Commercial Bank. He holds a PhD in Informatics from Bradford University in the United Kingdom.
<b>Mr. Wahid Mohamed Nababteh</b>	Committee member	Mr. Nababteh has many practical experiences since 1997 in the field of internal audit and finance. He has held several positions including General Manager of Internal Audit at the Saudi Research and Marketing Group, Finance Manager at Mohammed Abdulaziz Al Rajhi & Sons Holding Group, and Controller at Astra Group. He is Holding a bachelor's degree in accounting.
<b>Mr. Bashar bin Ali Abdulrahman</b>	Committee member	Mr. Bashar has a several of practical experiences since 1999 in the field of internal auditing and financial affairs. He also held many positions including CEO of Arab Field Holding Company, Managing Director of Energy Efficiency Company, and CEO of Samama Group. He is holding a bachelor's degree in accounting.

### Audit Committee Meetings



The audit committee has convened eight meetings during the fiscal year of 2020 as follows:

Name	28/01/2020	02/03/2020	22/03/2020	26/04/2020	12/08/2020	03/11/2020	28/01/2020	02/03/2020	No. of attendances
Dr. Turki Omar Buqshan	√	√	√	√	√	√	√	√	6
Dr. Khalid Alarfaj	√	√	√	√	√	√	√	√	6
Mr. Wahid Nababtah	√	√	√	√	√	√	√	√	6
Mr. Bashar bin Ali Abdulrahman	√	√	√	√	√	√	√	√	6

√ -in person                      x -by proxy                      xx -Absence

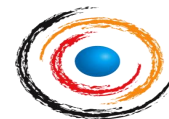
There are no recommendations from the audit committee in which they contradict them with the decisions of the board of directors, or which the board refused to adopt regarding appointing and dismissing the company auditor and determining its fees and assessing its performance or appointing the internal auditor.

#### Remuneration Policy for Board Members and Executive Management:

The company aims from the remuneration policy for the members of the board of directors and its sub-committees to organize the rewards to attract members of the board and committees who have the scientific, technical and appropriate competence and what enables them to perform their duties and duties with professionalism and high efficiency while taking into account the sector in which the company operates and the skills necessary to manage it.

#### Remuneration Policy for Board Members and Sub-Committees:

- Board Members are eligible for an annual reward of (200) thousand Saudi Riyals after distributing profits to all shareholders not less than 5% of paid capital.
- Members of derived committees deserve an annual bonus of (100) thousand Saudi riyals and they are disbursed on a quarterly basis at the end of each quarter according to the financial year that the company follows.
- Each board member and the members of the derived committees are eligible for 3000 SAR for each meeting they attend.
- Each board member and the members of the derived committees and the Secretary of The Board are eligible for (3000) SAR for each night if the meeting is outside their home city without submitting relevant invoices. In case they submit the invoices, the total amount must not exceed (5000) SAR.
- Each board member is eligible for (2000) SAR for each night spent in meetings held in GCC, Asia, and Africa in addition to a compensation of a business class return ticket from their residence to the meeting destination as per the ticket price of the meeting date.
- Each board member is eligible for (5000) SAR for each night spent in meetings held in America, Europe in addition to a compensation of a business class return ticket from their residence to the meeting destination as per the ticket price of the meeting date.



- In case the member was not in his residence, which will add extra amount to the flight ticket price, he should take previous approval from the chairman of the council to accept the additional expenses of his air ticket, after evaluating the necessity of the member attendance to the meeting.

#### Executive Management Remuneration Policy:

The Remuneration and Nomination Committee continuously reviews and approves the salary scale for all employees, senior executives, the incentive program, and plans based on the recommendation of the executive management in accordance with the following criteria:

- The remuneration and compensation should be consistent with the company's strategic objectives, and a factor to motivate the executive management to achieve those goals.
- Be appropriate to the activity, size, and nature of the company's business and its required expertise.
- Enable the company to attract the executive management with the necessary abilities, skills, and qualifications to enable the company to achieve its objectives.
- Taking into consideration when determining rewards, the company's other practices.

#### Remunerations of Board of Directors and committee Members

There is no difference between the rewards granted and the applicable rewards policy.

### Remuneration of the members of the Board of Directors and five senior executives

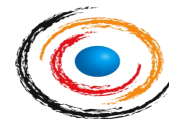
The company pays the expenses and remunerations for the members attending the Board of Directors' meetings and sub-committees under the Board's resolutions, and pays the salaries, rewards, and compensations to the senior executives as per the contracts concluded with them. Below are the details of the expenses, bonuses and salaries paid to the members of the Board of Directors and five of the company's senior executives, including the Managing Director of the Saudi Printing and Packaging Company and the Vice Presidents for the year 2020:

(000 SAR)

Description	Executive Board Members	Non-Executives/ Independent Board Members	Five executives received the highest remunerations and compensations including CEO & CFO	Total
<b>Salaries &amp; Compensations</b>	1944	-	5,802	7,746
<b>Allowances &amp; Travel Allowances</b>	18	135		153
<b>Periodical &amp; Annual Remunerations</b>	100	884		984
<b>Total</b>	<b>2,062</b>	<b>1,019</b>	<b>5,802</b>	<b>8,883</b>

#### Committee Member's Remunerations

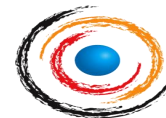
Description	Fixed rewards except for meeting allowances	Meeting allowances	Total
Audit Committee members			
<b>1- Dr. Turki bin Omar Saleh Buqshan</b>	100,000	18,000	118,000
<b>2- Dr. Khalid Abdulaziz Alarfaj</b>	100,000	18,000	118,000
<b>3- Mr. Wahid Mohamed Nababtah</b>	100,000	18,000	118,000



<b>4- Mr. Bashar bin Ali Abdulrahman</b>	100,000	18,000	118,000
<b>Total</b>	<b>400,000</b>	<b>72,000</b>	<b>472,000</b>
Nomination & Remuneration Committee Members			
<b>1- Dr. Mohammad Amin Dawood Kashqari</b>	100,000	6,000	106,000
<b>2- Mr. Saleh Hussain Al Dowais</b>	100,000	6,000	106,000
<b>3- Mr. Mohamed Zamil Allaboon</b>	100,000	6,000	106,000
<b>4- Mr. Khalid Mohammed Alhuqail</b>	100,000	6,000	106,000
<b>Total</b>	<b>400,000</b>	<b>24,000</b>	<b>424,000</b>
Executive Committee Members			
<b>1- Mr. Adel Ben Marzouq Al Nasser</b>	100,000	9,000	109,000
<b>2- Dr. Mohammad Amin Dawood Kashqari</b>	100,000	9,000	109,000
<b>3- Mr. Majid Abdelrahman Alissa</b>	84,444	6,000	90,444
<b>4- Mr. Saleh Hussain Al Dowais</b>	100,000	9,000	109,000
<b>5- Mr. Fahd Ibrahim Al-Mufarrij</b>	100,000	9,000	109,000
<b>Total</b>	<b>484,444</b>	<b>42,000</b>	<b>526,444</b>
<b>Grand Total</b>	<b>1,284,444</b>	<b>138,000</b>	<b>1,284,444</b>

\* Mr. Majid bin Abdul Rahman Al-Issa resigned from the membership of the Board of Directors and Committees on 11/04/2020 AD, the reason for the resignation was personal reasons.

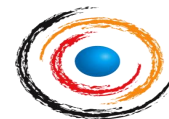




## Board Member's Remunerations

Fixed remunerations								Changeable remunerations								
	Fixed amount	Board Meeting Allowances	Committee meeting total allowances	Physical benefits	Remuneration of technical, administrative, consultation work	rewards for chairman, managing director, secretary of the board if he is a board member	Total	Percentage of profits	Periodical rewards	Short-term incentive plans	Long-term incentive plans	Granted shares (share value to be	Total	End of Service	Grand total	Expense allowances
First: Dependent Members																
Mr. Adel Ben Marzouq Al Nasser	100,000	9,000	9,000	-	-	-	118,000	-	-	-	-	-	-	-	118,000	-
Mr. Khalid Mohammed Alhuqail	100,000	9,000	6,000	-	-	-	115,000	-	-	-	-	-	-	-	115,000	-
Dr. Mohammad Amin Dawood Kashqari	200,000	9,000	15,000	-	-	-	224,000	-	-	-	-	-	-	-	224,000	-
Mr. Majid Abdelrahman Alissa	84,444	6,000	6,000	-	-	-	96,444	-	-	-	-	-	-	-	96,444	-
Dr. Turki bin Omar Saleh Buqshan	100,000	9,000	18,000	-	-	-	127,000	-	-	-	-	-	-	-	127,000	-
Mr. Mohamed Zamil Allaboon	100,000	9,000	6,000	-	-	-	115,000	-	-	-	-	-	-	-	115,000	-
Total	684,444	51,000	60,000	-	-	-	795,444	-	-	-	-	-	-	-	795,444	-
Second: Non-Executive Members																
Mr. Saleh Hussain Al Dowais	200,000	9,000	15,000	-	-	-	224,000	-	-	-	-	-	-	-	224,000	-
Total	200,000	9,000	15,000	-	-	-	224,000	-	-	-	-	-	-	-	224,000	-
Third: Executive Members																
Mr. Fahad Ibrahim Al-Mufarrij	100,000	9,000	9,000	-	-	-	118,000	-	-	-	-	-	-	-	118,000	-
Total	100,000	9,000	9,000	-	-	-	118,000	-	-	-	-	-	-	-	118,000	-
Grand Total	984,444	69,000	84,000	-	-	-	1,137,444	-	-	-	-	-	-	-	1,137,444	-

\* Mr. Majid bin Abdul Rahman Al-Issa resigned from the membership of the Board of Directors and Committees on 11/04/2020 AD, the reason for the resignation was personal reasons.



## General Assembly

Saudi Printing and Packaging Company held a general assembly meeting during the year 2018 at 23:00 on Tuesday, 28/04/2020 By Means of Modern Technology, where the attendance rate reached 43.62% of the shares representing capital.

All members of the Board of Directors attended the General Assembly meeting held on 28-04-2019 and their names are as follows:

Name	Position
Mr. Adel Ben Marzouq Al Nasser	Chairman of the Board and Chairman of the Executive Committee
Dr. Mohammad Amin Dawood Kashqari	Vice-President of the Board and Chairman of the Nomination and Remuneration Committee
Mr. Fahad Ibrahim Al-Mufarrij	Managing Director
Mr. Khalid Mohammed Alhuqail	Member
Mr. Saleh Hussain Al Dowais	Member
Mr. Majid Abdelrahman Alissa	Member
Dr. Turki bin Omar Saleh Buqshan	Chair of the audit committee
Mr. Mohamed Zamil Allaboon	Member

There are no requests from the company to the shareholder register.

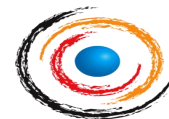
## CORPORATE GOVERNANCE REPORT AND RELATED DISCLOSURES

### Corporate Governance

The Saudi Printing and Packaging Company is dedicated to Corporate Governance Regulations issued by the Board of the Capital Market Authority pursuant to Resolution (8-16-2017) dated 05/16/1438. The Board of Directors approved the Company's Governance Regulations on 10-30-2017, and the Board also adopted all policies emanating from the Corporate Governance Regulations, to protect the rights of shareholders and stakeholders

The company follows the corporate governance requirements set out in the Corporate Governance Regulations issued by the Capital Market Authority, with the exception of some of the following indicative provisions:

Article No	Article	Partially applied	Not applied	Reasons & details
Article 32	Board of Directors meetings, figure B		√	guiding article
Article 39	The Training, Figure B		√	guiding article
Article 41	The Evaluation, Figure A, B,C,D,E		√	guiding article
Article 70	Formation of the Risk Management Committee		√	guiding article
Article 78:	Internal Audit Report, Figure A and B	√		The Internal Audit Department presents all its reports to the Audit Committee, and the Chairman of the Audit Committee presents the most important results of the reports to the Board.
Article 85:	Employee Incentives, Figure 1,2,3		√	guiding article
Article 87:	Social Responsibility		√	guiding article
Article 88:	Social Initiatives	√		The article is still a guiding article, once it becomes obligatory the company will apply it. Though that the company already have several social contributions.



Article 95:	Formation of a Corporate Governance Committee	√		Audit Committee monitors implementing Corporate Governance regulations, and once becomes obligatory we will implement it.
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#### Annual Review Outcomes for the Effectiveness of the Internal Control Procedures

During 2020, the audit committee followed up the implementation of the internal audit plan approved for the same year for the company and its subsidiaries, taking into account audit priorities in accordance with the results of a comprehensive analysis and evaluation of the risks in the company and its subsidiaries, which the internal audit department updates annually on a basis that is consistent with the progresses and developments in the management and business of the company and its subsidiaries, which is also being reviewed by the audit committee.

This follow-up included studying the internal audit reports and examining the results of its work in order to ensure the extent of commitment to implementing all the recommendations by the company's management and its subsidiaries. The audit committee also followed up on the mechanism for applying the financial and administrative powers matrix of the company and its subsidiaries. Also, during the year 2020, the committee reviewed the updates on some of the financial and operating policies and procedures in the company and its subsidiaries to ensure the level of internal control procedures stipulated in those updated policies reasonable degree.

Based on the results of the audit tasks that the internal audit department implemented during the year 2020 at the level of the company and its subsidiaries, the audit committee is convinced of the effectiveness of internal control procedures to achieve the necessary protection for the company's assets, the capacity and effectiveness of operations, commitment to regulations to achieve the desired goals, and that there are no substantive notes that require disclosure, knowing that it has been agreed with the executive management of the company and its subsidiaries to implement the recommendations contained in the internal audit reports within a specific time frame with the aim of improving and strengthening internal control procedures, which the audit committee periodically follows through the internal audit department

The audit committee will recommend to the board of directors, who will in turn recommend to the ordinary general assembly the appointment of the external auditor of the company and its subsidiaries to examine, review and audit

#### Dividends Distribution Policy

The company adopts the best practices to maximize the shareholders' interests. The Board of Directors annually, according to the company's financial position, capital requirements, cash on hand, economic conditions and other factors, determine the appropriate amount to be distributed on the shareholders from the net profits or not to distribute through a recommendation to the General Assembly for approval thereon.

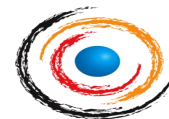
**The company's statute stipulates to distribute the annual net profits of the company after deducting all the general expenses and other costs as follows:**

- Allocate (10%) of the net profits to form a statutory reserve, the general assembly may suspend this allocation when the mentioned reserve reaches 30% of the capital.
- The ordinary general assembly may, based on a recommendation from the Board of Directors, allocate a ratio not exceeding (20%) of net profits to form a contractual reserve and allocate it for a specific purpose/s.
- The ordinary general assembly – when deciding the share portion of the net profit – can decide other reserves for the company interest and to guarantee distributing fixed profits to the shareholders, the mentioned assembly can deduct from the net profits to establish social associations for the company staff or to grant the company staff shares as rewards to them.
- From the remaining, a percentage equal to (5%) at least of the paid-up capital as a down payment shall be distributed on the shareholders.

Subject to articles (21) & (76) of companies' regulations, a percentage of no more than 10% of the remaining net profits shall be allocated to the remuneration of the Board of Directors, considering that the entitlement to this bonus is proportional to the number of sessions a member attends.

#### An explanation of any difference from the accounting standards adopted by the Saudi Organization for Certified Public Accountants

The consolidated financial statements of the company and the separate financial statements of the subsidiaries in the company have been prepared in full accordance with the international standards for financial report preparation and the guidelines issued by the Saudi Organization for Certified Public Accountants. All these financial statements were audited in accordance with international auditing standards, with reference to full compliance with the International Financial Reporting Standards.



## ZAKAT, Governmental Payments, Others

The Company and its subsidiaries are subject to the regulations of the General Authority of Zakat and Tax in the Kingdom of Saudi Arabia, where the Zakat Adviser reviews the calculation of Zakat base, and consequently sets aside the provision of the Zakat obligation accordingly. He also submits the Zakat Declaration to the Department of Zakat, responds to their inquiries, and settles the suspensions. Accordingly, the company pays the zakat imposed in accordance with the zakat declaration and pays the differences after settling the final suspensions

. The following table shows the statutory payments made during 2020 and 2019:

(000 SAR)

Description	2020	2019
<b>Custom fees</b>	4,909	3,590
<b>Paid Zakat</b>	5,574	781,2
<b>Social Insurance</b>	1,905	2,785
<b>Visas &amp; Passports</b>	.91,567	5,575
<b>Fines</b>	644.8	1,102
<b>Others*</b>	215.9	888
<b>Total</b>	<b>9,817.1</b>	<b>16,721</b>

\* The other payments are as follows: for the Saudi Cities Authority (MODON – leasehold), Chamber of Commerce subscriptions and commercial registry fees. And payments to the Chamber of Commerce in addition to trademark fees, subscription fees for TAMM service, expense of renewing Muqem service, Saudi Post, renewal of driving licenses, and expenses for export documents.

## Quality Policy

The company has been awarded the ISO 9001 certificate for : Hala Printing Co. and Al-Madina Printing & Publishing Co., this certificate indicates the commitment to local and international quality standards, developing the employees' performance, increasing their efficiency and effectiveness at work, continuous development and improvement of production lines, and meeting the requirements of the company clients which serves the company's objectives through the increase of the selling and marketing share of the company, upgrading the quality of the company's publications and submitting them on a timely manner and improving the company's reputation locally and globally.

## Risk Management

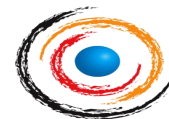
The company management seeks to confront any challenges and potential risks that may affect its activity and financial position, while treat them through its study and vast experience in printing & packaging industry. The company has the ability to determine the associated risks on one hand, and the risks related to the market on the other hand. The company believes that the significant risks are related to the following:

### Credit Risks:

The credit risks are the lack of ability to meet the liabilities and cause the other party to incur a financial loss. The company has no significant concentration of credit risks with the exception of the receivables of the related parties and government authorities. Cash is deposited in local banks with high credit rating. The accounts receivables appear after deducting the provision for doubtful debts.

The sales and the accounts receivables of the company are concentrated in related parties and government authorities and the risks of their collection are very limited, the following table shows the details of these transactions and balances, as in the two years ended December 31, 2020 and 2019:

Description	2020	2019
<b>Sales to related parties</b>	<b>17,853</b>	<b>37,055</b>
Percentage of sales to related parties of total sales	2%	4%
<b>Sales to government authorities</b>	<b>88,659</b>	<b>95,059</b>
Percentage of sales to government authorities of total sales	12%	10%
<b>Government authorities' receivables accounts</b>	<b>12,370</b>	<b>15,818</b>
Percentage Accounts Receivable from Government Agencies to Total Receivables	4%	6%



### Risks of Foreign Currency Exchange Rates:

These are the risks of changes in the value of the financial instruments due to the changes in the foreign exchange rates. The company's core transactions are in Saudi Riyals, US Dollars and Euro. The management also monitors the fluctuations in currency exchange rates and believes that the currencies risks are not substantial.

### Liquidity Risks:

These are the risks of the company non-ability to fulfill the finance of its requirements and particularly loans obligations. The company has a sufficient fund to meet these obligations when they due and works to manage liquidity risk by maintaining adequate balances of cash and cash equivalents. The restructuring of loans from short to long term has reduced the liquidity risk in the company.

### Risks of a Limited Revenues Base:

The company seeks to diversify its revenue base in order not to be limited to the newspapers, but has expanded to include the textbooks and commercial printing and has extended to packaging during the year 2008 through the acquisition of Flexible Packaging Co. and during the year 2012 through the acquisition of Emirates National Factory Co. and its subsidiaries.

### The risk of fluctuating prices of raw materials:

Previous years witnessed a noticeable rise in the prices of raw materials in various forms, and those rises included the prices of paper, petrochemical and plastic products in different proportions. The company has worked to develop a plan to follow-up the reduction of stock quantities in proportion to the volume of production and contracts with customers so that the average value of the stock is closer to the current prices until the exposure to the risk of price fluctuations in the global market is reduced.

### Coronavirus (Covid-19)

The novel Coronavirus (COVID19) which was declared a pandemic by the World Health Organization (WHO) in March 2020, continues to evolve. It is currently difficult to predict the full extent and duration of the impact of this pandemic on the business and the economies in which the Company operates.

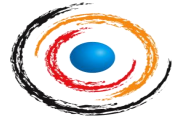
The extent and duration of the impact of the pandemic remains uncertain and depends on future developments (such as the transmission rate of the virus), which cannot be accurately predicted at this point in time. The Company has taken containment steps that, as at 31st December 2020, have limited the adverse impact of the pandemic on the financial results of the Company.

### Declarations of Board of Directors

#### The Board of Directors declares

- The accounting records were properly prepared.
- The internal control system was prepared on a sound basis and efficiently implemented.
- There is no doubt that the source can continue its activity.

### Board of Directors



### **CONTACT US**

**The Saudi Printing and Packaging Company is pleased to receive your constructive comments and suggestions aimed at improving and developing the level of services provided to our shareholders and our valued customers.**

**Riyadh: 0112032022**

#### **Communication with Shareholders**

Saudi Printing and Packaging Company pays great attention to communicating with its shareholders. This justifies the steps it takes to guarantee shareholders rights in getting the required information through TADAWEL website and the company website: [www.sppc.com.sa](http://www.sppc.com.sa) in which the company presents comprehensive information on its activities, work, and annual report.

The company always cares about responding to its shareholders queries, requested information on time through the department of shareholders relations.